

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 L-03 H-02 SS-15

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 7948

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E.O. 11652: N/A

TAGS: EAIR, ID

SUBJECT: CIVAIR-US-INDONESIAN NEGOTIATIONS

REF: STATE 286916

1. ALTHOUGH EMBASSY ACCEPTS GENERAL VALIDITY OF DEPARTMENT'S POSITION AS OUTLINED REFTEL, WE HAVE RESERVATIONS ABOUT SENDING LETTER, TONE AND CONTENT AS PROPOSED, AT THIS TIME. WE BELIEVE LETTER WOULD BREAK OFF ANY FURTHER DISCUSSIONS IN WAY THAT WOULD DAMAGE OUR AVIATION RELATIONSHIP AND BE HARMFUL TO OUR BROADER INTERESTS HERE. WE BELIEVE OUR NEXT MOVE MIGHT BE MADE IN SUCH A WAY AS TO KEEP DOOR OPEN FOR FURTHER DISCUSSIONS AND LEAVE US IN A POSITION TO PLAY OUT AVIATION PROBLEM IN A WAY LESS LIKELY TO HARM OTHER INTERESTS.

2. WE HAVE SEVERAL CONCERNS WITH LETTER AS DRAFTED:

A. IT URGES RECONSIDERATION OF SEPT. 10 PROPOSAL. WE ARE PREPARED TO TAKE THIS LINE BUT FYI PORTION OF REFTEL INFORMS US FIFTH FREEDOM RIGHTS FROM PHILIPPINES NOT POSSIBLE. THERE HAS BEEN NO INDICATION THUS FAR THAT SIMILAR RIGHTS ARE AVAILABLE THROUGH KUALA LUMPUR OR SINGAPORE. EVEN IF THEY WERE, REFTEL WOULD APPEAR TO INDICATE THAT PANAM DOES NOT REGARD SUCH RIGHTS AS SUFFICIENTLY VALUABLE TO MAINTAIN SERVICE TO INDONESIA. IF THIS IS LIMITED OFFICIAL USE

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THE CASE, ARE WE NOT THEN PUSHING A PROPOSAL THAT MAY

WELL BE UNACCEPTABLE TO ALL OF THE PARTIES INVOLVED?

B. WE LINK OUR APPROACH ENTIRELY TO PANAM AND SUGGEST PANAM WAS DENIED RIGHTS TO CONTINUE SERVICE. GOI HAS BEEN PREPARED GRANT PANAM TEMPORARY RIGHTS THROUGH GUAM BUT HAS MADE THIS CONTINGENT ON RIGHTS FOR GARUDA TO US. WHEN THESE RIGHTS WERE HELD UP BY COMPLICATED CAB PROCEEDINGS, GOI OBJECTED TO START UP OF GUAM SERVICE IN ADDITION TO SERVICES ALREADY IN OPERATION UNTIL RIGHTS FOR GARUDA ESTABLISHED. THIS IS CERTAINLY NOT AN UNUSUAL POSITION FOR ANY GOVERNMENT TO TAKE IN AVIATION BARGAINING. IN ADDITION, THE PROPOSED LETTER WOULD SEEM TO IMPLY THAT GOI SOMEHOW BEARS RESPONSIBILITY FOR PANAM SUSPENSION OF ITS NORTH-SOUTH SERVICE. ALTHOUGH GOI PROBABLY AWARE OF BRITISH ACTION FORCING SUSPENSION, IT CERTAINLY PLAYED NO PART IN BRITISH DECISION.

C. NEITHER DO WE FEEL WE ARE ON SOUND GROUND IN SAYING THAT GOI HAS IGNORED TERMS OF BILATERAL AIR AGREEMENT. GOI WISHED INITIALLY TO DENOUNCE AGREEMENT. WE HELD THIS OFF BY PROPOSING INTERIM MODUS VIVENDI, CLEARLY IMPLYING SUSPENSION MAJOR PROVISIONS OF AGREEMENT. GOI HAS MADE IT VERY PLAIN FROM BEGINNING THEY ARE NOT PREPARED OPERATE UNDER TERMS AGREEMENT. USG IS OPERATING ON SAME BASIS ITSELF AS EVIDENCED BY DEPARTMENT'S AUG. 12 LETTER TO CAB RELATING TO GARUDA APPLICATION.

3. WE NOT POSSIBILITY THAT PANAM WITHDRAWAL MIGHT LEAD CAB FORMALLY TO DENY GARUDA APPLICATION. WE BELIEVE THIS WOULD BE A MISTAKE, HARMFUL TO OUR AVIATION RELATIONSHIP IN THE LONGER TERM AND DAMAGING TO OUR BROADER POLITICAL AND ECONOMIC INTERESTS IN THIS COUNTRY. IN ANY EVENT, IT SEEMS TO US PANAM'S REAL DECISION TO WITHDRAW IS BASED MORE ON THIRD COUNTRY ACTIONS (BRITISH AND PHILIPPINES) THAN ON ACTION BY INDONESIA.

4. REGARDLESS OF WHO IS RESPONSIBLE FOR PANAM'S PRESENT PREDICAMENT, HOWEVER, WE DO NOT BELIEVE OUR DISCUSSIONS WITH GOI HAVE REACHED THE POINT WHERE ALL POSSIBILITIES HAVE BEEN THOROUGHLY EXPLORED AND FORCING US SIMPLY TO SIT BACK AND BRACE OUTSELVES FOR THE LIMITED OFFICIAL USE

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ADVERSE CONSEQUENCES OF A NEGATIVE DECISION DISRUPTING GARUDA'S PLANS TO FLY TO THE US. ALTHOUGH THERE IS DIVIDED COUNSEL WITHIN GOI RANKS ON WHETHER GARUDA SERVICE TO US IS VIABLE OUR DESIRABLE, GARUDA, FOR THE PRESENT AT LEAST, APPEARS TO BE INTENT ON SERVING US. PRESENT ROUTE PLAN WE UNDERSTAND CALLS FOR ONCE-WEEKLY DC-10 SERVICE TO LOS ANGELES. WE WOULD SUGGEST DEPARTMENT AND CAB TRY PUTTING TOGETHER A

LIMITED TERM BUT SMALLER-SCALE PROPOSAL THAT WE MIGHT PUT TO GOI, ONE WHICH WOULD ACCOMMODATE GARUDA'S INTEREST IN WEEKLY DC-10 SERVICE AND WOULD GIVE US SOMETHING OF COMPARABLE VALUE IN RETURN. WHAT WE HAVE IN MIND IS SOMETHING LIKE RIGHTS FOR A US CARRIER TO OPERATE AN ALL-CARGO SERVICE OR FOR PASSENGER SERVICE WITH ONE INTERMEDIATE STOP WITH OR WITHOUT FIFTH FREEDOM RIGHTS. (ON LATTER POSSIBILITY, WE ASSUME THAT FLEET COMPOSITION IS ONE OF THE FACTORS THAT HAS PROMPTED PANAM TO LOSE INTEREST IN INDONESIA. IF ASSUMPTION CORRECT, PERHAPS PANAM COULD BE ENCOURAGED TO EXPLORE POSSIBILITY OF EQUIPMENT INTERCHANGE WITH ANOTHER US CARRIER AT GUAM OR HONOLULU. ALTERNATIVELY, PERHAPS ANOTHER US CARRIER WITH A DIFFERENT FLEET MIX MIGHT BE CONSIDERED FOR TEMPORARY AUTHORITY TO SERVE INDONESIA.) ANOTHER POSSIBILITY THAT MIGHT BE CONSIDERED IS THE NEGOTIATION OF CHARTER RIGHTS FOR US CARRIERS IN RETURN FOR GARUDA'S LICENSE TO OPERATE TO US.

5. WE URGE THE DEPARTMENT TO CONSIDER ABOVE SUGGESTIONS. IN MEANTIME WE STRONGLY RECOMMEND THAT:

A. PAN AMERICAN INFORM GOI OF ITS INTENTION TO SUSPEND SERVICE JAN. 31. THIS WOULD MAKE CLEAR THIS IS PAN AM, NOT USG DECISION.

B. WE SEND MUCH BRIEFER LETTER TO MINISTER (TEXT IN FOLLOWING TELEGRAM) THAT WOULD LEAVE DOOR OPEN FOR FURTHER DISCUSSIONS AND LEAVE BALL ENTIRELY IN THEIR COURT.

6. IN OUR VIEW FOREGOING APPROACH WOULD, WITHOUT SAYING SO IN SO MANY WORDS, MAKE CLEAR TO INDONESIANS WHAT IS HAPPENING (I.E. SUSPENSION PANAM SERVICE) AND WOULD LIMITED OFFICIAL USE

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CREATE MEASURE OF DOUBT REGARDING FUTURE GARUDA SERVICE WHICH MIGHT LEAD THEM TO RECONSIDER THEIR POSITION. WE WOULD BE, UNDER SUCH CIRCUMSTANCES, IN POSITION OF MAKING THEM COME TO US IF THEY WANT SOMETHING. AS WE SHALL SPELL OUT IN LATTER TELEGRAM, WE DO NOT SEE ANY DIRE CONSEQUENCES FOR US HERE IN SUSPENSION OF PANAM SERVICE AND IT MAY BE HEALTHY IN TERMS GETTING GOI TO RECONSIDER ITS POSITION.
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